

TOWNSHIP OF NAHMA
(Delta)
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name NAHMA TOWNSHIP	County DELTA
Audit Date MARCH 31, 2004	Opinion Date MAY 10, 2004	Date Accountant Report Submitted to State: MAY 10, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) RAY PAYMENT, CPA			
Street Address 1217 LUDINGTON STREET	City ESCANABA	State MI	ZIP 49829
Accountant Signature 			

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RAYMOND L. PAYMENT
CERTIFIED PUBLIC ACCOUNTANT

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May 10, 2004

INDEPENDENT AUDITOR'S REPORT

Honorable Township Board
Township of Nahma
Delta County, Michigan

I have audited the general purpose financial statements of the Township of Nahma, Michigan and the combining and individual fund financial statements of the Township as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance auditing standards generally accepted in the United States, Government Auditing Standards, issued by the Comptroller General. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the Township of Nahma prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Michigan, which is a comprehensive basis of accounting other than generally accepted accounting principles. As further described in Note 3, the combined financial statements referred to above do not include financial statements of the General Fixed Asset Account Group, which should be included to conform with the basis of accounting described in Note 1.

The financial statements of the Nahma Township Water Fund for the year ended March 31, 2004, have not been included in the accompanying financial report. However, I have examined the financial statements of such fund and have issued my separate report thereon dated May 31, 2004.

Management has not presented government-wide statements to display the financial position and changes in financial position

May 10, 2004

NAHMA TOWNSHIP
INDEPENDENT AUDITOR'S REPORT (Continued)

of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township's governmental activities, business-type activities, and discretely presented component units are not reasonable determinable.

In my opinion, because of the effects of the matters discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Nahma as of March 31, 2004, or the changes in financial position or its cash flows, where applicable, for the year then ended.

The financial statements referred to in the foregoing opinion are identified in the contents of this report. My examination was made primarily for the purpose of rendering an opinion on these basic financial statements, taken as a whole. The supplementary financial data identified in the contents, although not considered necessary for a fair presentation of financial position and results of operations, is presented primarily for supplemental analysis purposes. This additional information has been subjected to the audit procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Ray L. Payment
Certified Public Accountant

TOWNSHIP OF NAHMA
 COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH
 TRANSACTIONS - ALL FUND TYPES
 MARCH 31, 2004

	<u>Governmental</u>	<u>Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>
ASSETS:		
Cash	\$ 28 321	\$ 53 550
TOTAL ASSETS	<u>\$ 28 321</u>	<u>\$ 53 550</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Fund Equity:		
Fund Balance:		
Reserved	-	53 550
Unreserved	<u>28 321</u>	<u>-</u>
TOTAL FUND EQUITY	<u>28 321</u>	<u>53 550</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 28 321</u>	<u>\$ 53 550</u>

Fiduciary
Fund Type
Trust and
Agency

\$ -

\$ -

-

-

\$ -

TOWNSHIP OF NAHMA
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES - CASH BASIS
 YEAR ENDED MARCH 31, 2004

	<u>General</u>	<u>Special Revenue</u>
CASH RECEIPTS:		
Taxes and collection fees	\$ 29 275	\$ 24 017
State grants	34 360	-
Interest and rentals	681	207
Other	<u>7 020</u>	<u>15 417</u>
TOTAL RECEIPTS	<u>71 336</u>	<u>39 641</u>
CASH DISBURSEMENTS:		
Legislative	3 431	-
General Government	43 220	-
Public Safety	5 178	22 302
Public works	3 977	13 835
Recreation and culture	5 540	-
Other	<u>8 544</u>	<u>-</u>
TOTAL DISBURSEMENTS	<u>69 890</u>	<u>36 137</u>
EXCESS OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 1 446	\$ 3 504
FUND BALANCE, April 1, 2003	<u>26 875</u>	<u>50 046</u>
FUND BALANCE, March 31, 2004	<u>\$ 28 321</u>	<u>\$ 53 550</u>

TOWNSHIP OF NAHMA
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES - CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2004

	General Fund		Variance
	Budget Amount	Actual Amount	Favorable (Unfavorable)
CASH RECEIPTS:			
Taxes	\$ 25 985	\$ 29 275	\$ 3 290
State grants	37 150	34 360	(2 790)
Interest and rentals	1 304	681	(623)
Other	2 927	7 020	4 093
TOTAL RECEIPTS	<u>67 366</u>	<u>71 336</u>	<u>3 970</u>
CASH DISBURSEMENTS:			
Legislative	4 300	3 431	869
General government	51 450	43 220	8 230
Public safety	5 975	5 178	797
Public works	4 800	3 977	823
Recreation and culture	7 180	5 540	1 640
Other	20 536	8 544	11 992
TOTAL DISBURSEMENTS	<u>94 241</u>	<u>69 890</u>	<u>24 351</u>
EXCESS OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (26 875)</u>	<u>\$ 1 446</u>	<u>\$ 28 321</u>
FUND BALANCE, April 1, 2003	<u>26 875</u>	<u>26 875</u>	<u>-</u>
FUND BALANCE, March 31, 2004	<u>\$ -</u>	<u>\$ 28 321</u>	<u>\$ 28 321</u>

<u>Special Revenue Funds</u>		
<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 21 919	\$ 24 017	\$ 2 098
-	-	-
952	207	(745)
<u>15 682</u>	<u>15 417</u>	<u>(265)</u>
<u>38 553</u>	<u>39 641</u>	<u>1 088</u>
-	-	-
-	-	-
56 492	22 302	34 190
32 107	13 835	18 272
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>88 599</u>	<u>36 137</u>	<u>52 462</u>
\$(50 046)	\$ 3 504	\$ 53 550
<u>50 046</u>	<u>50 046</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 53 550</u>	<u>\$ 53 550</u>

See accompanying notes to financial statements.

TOWNSHIP OF NAHMA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The major focus of a governmental accounting and reporting system is to show adherence to applicable legal provisions, and to determine fairly and with full disclosure the financial position and results of financial operations of each accounting entity within a governmental unit.

In accordance with the above criteria, the accounts of the Township of Nahma are organized on the basis of individual funds or account groups, each of which is considered a separate accounting entity. Each fund is accounted for with a separate, self-balancing set of accounts that comprise its assets, liabilities, equities, revenues and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three broad fund categories and four generic fund types as follows;

Governmental Funds

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources and transactions not properly or legally accounted for in another of the Township's funds.

Special Revenue Funds - The Township's special revenue funds are used to account for proceeds of specific revenue sources as required by law or administrative regulations. The following special revenue funds are maintained by the Township:

Fire Equipment
Road Fund

Fiduciary Funds:

Trust and Agency Funds - The Township's trust and agency funds are used to account for assets held by the Township as trustee or agent for individuals, private organizations and other governmental units. The following trust and agency funds are maintained by the Township:

Current Tax Collection Fund
Trust and Agency Fund

TOWNSHIP OF NAHMA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds:

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned and expenses incurred is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The only enterprise fund maintained by the Township is the Water System Fund. This fund has been reported in a separate audit report.

Basis of Accounting - The cash basis of accounting is used by all of the Township's funds. Under the cash basis of accounting, revenues are recognized as received and expenditures or expenses, are recognized as paid. Accordingly, the financial statements do not reflect assets arising from revenues earned but not yet collected or liabilities from expenditures incurred but not yet paid.

Budgets - The Township prepares annual budgets under the cash basis of accounting.

Fixed Assets - The Township does not keep detailed property records of nonproprietary fund type fixed assets.

Reporting Entity - The Township's policy is to include in their financial statements the financial position and activity of all entities or organizations over which they exercise direct or significant control. Significant control is measured principally by the Township's ability to determine the composition of the governing board of an organization, and by the amount of their fiscal and administrative policy oversight responsibilities.

TOWNSHIP OF NAHMA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 2 - CASH AND INTEREST-BEARING DEPOSITS

Deposits are carried at cost. Deposits of the Township are in three banks in the name of the Township of Nahma. Michigan Compiled Laws, Section 124.91 authorized the Township Treasurer to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities, and direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the Government National Mortgage Association; United States Government or Federal Agency obligation repurchase agreement; banker's acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rates by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority.

Governmental Accounting Standards Board (GASB) Statement 3 Risk Disclosure for the Township's cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>
Insured	\$ 81 871
Non-insured	<u>-</u>
TOTAL DEPOSITS	<u>\$ 81 871</u>

NOTE 3 - GENERAL FIXED ASSETS

The Township does not keep record of nonproprietary fund fixed assets and, accordingly, the General Fixed Assets Group of Accounts are not included in the combined financial statements.

TOWNSHIP OF NAHMA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 4 - GENERAL LONG-TERM DEBT

The Township does not have any general long-term debt outstanding at March 31, 2004 and, accordingly, the general long-term debt group of accounts is not included in the combined financial statements.

NOTE 5 - PROPERTY TAXES

The Township's annual property tax on real and personal property within the Township is levied on December 1, and is based on assessed valuation of property as of the preceding December 31. Assessed valuation, which is required by law to be 50% of current market value, is established by the Township and is subject to possible equalization by the State.

In addition to collecting their own taxes, the Township also acts as collection agent for all over-lapping governments in the Township. The Township's portion of the tax is collected between December 1 and February 28. Unpaid taxes as of February 28 are considered delinquent. Delinquent real property taxes are subsequently turned over to the County Treasurer for collection. The County maintains a tax revolving fund which permits the County to pay the Township 100% of the delinquent real taxes within approximately two to three months after the delivery of the delinquent bills.

The Township recognizes property taxes as revenues when received. Accordingly, no receivables for delinquent property taxes are reflected in the financial statements.

NOTE 6 - BUDGETS AND BUDGETARY ACCOUNTING

As set forth in the Township Charter, the Township adopts annual budgets for the General Fund and Special Revenue Funds. The annual budgets are prepared in accordance with the basis of accounting utilized by those funds (cash basis). The Township Board is authorized to transfer budgeted amounts within and among departments. Subsequent to year-end, the Board adopts an amended budget approving any transfers among departments or additional expenditures. The amended budgets are presented on page 8. All appropriations lapse at fiscal year-end. The budget was not amended in total.

TOWNSHIP OF NAHMA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 7 - PENSION PLAN

Nahma Township maintains a defined contribution pension plan covering substantially all employees and elected officers of the Township. Principle provisions of the plan require the Township and the employee to each contribute 6% of annual compensation to the plan and provide for immediate 100% vesting with a normal retirement date at age 65. The effective date of the plan was July 1, 1991. The total expense for the retirement plan for the year was \$1,877.

TOWNSHIP OF NAHMA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS -
ALL SPECIAL FUND TYPES - CASH BASIS
MARCH 31, 2004

<u>ASSETS</u>	<u>Fire Equipment</u>	<u>Road</u>	<u>Total</u>
Cash	\$ 36 203	\$17 347	\$ 53 550
TOTAL ASSETS	\$ 36 203	\$17 347	\$ 53 550
<hr/>			
<u>FUND EQUITY</u>			
Fund balance - reserved	\$ 36 203	\$17 347	\$ 53 550
TOTAL FUND EQUITY	\$ 36 203	\$17 347	\$ 53 550
<hr/>			

See accompanying notes to financial statements.

TOWNSHIP OF NAHMA
 COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN FUND BALANCE -
 ALL SPECIAL REVENUE FUNDS - CASH BASIS
 FOR THE YEAR ENDED MARCH 31, 2004

	<u>Fire Equipment</u>	<u>Road</u>	<u>Total</u>
Cash Receipts:			
Taxes	\$ 24 017	\$ -	\$ 24 017
Interest and rentals	150	57	207
Refunds, reimbursements and miscellaneous	<u>373</u>	<u>15 044</u>	<u>15 417</u>
TOTAL CASH RECEIPTS	<u>24 540</u>	<u>15 101</u>	<u>39 641</u>
Cash Disbursements:			
Fire department	22 302	-	22 302
Roads	<u>-</u>	<u>13 835</u>	<u>13 835</u>
TOTAL CASH DISBURSEMENTS	<u>22 302</u>	<u>13 835</u>	<u>36 137</u>
Excess of Cash Receipts Over (Under)			
Disbursements	2 238	1 266	3 504
FUND BALANCE, April 1, 2003	<u>33 965</u>	<u>16 081</u>	<u>50 046</u>
FUND BALANCE, March 31, 2004	<u>\$ 36 203</u>	<u>\$17 347</u>	<u>\$ 53 550</u>

See accompanying notes to financial statements.

TOWNSHIP OF NAHMA
COMBINING STATEMENT OF CHANGES IN CASH AND
LIABILITY BALANCES - ALL AGENCY FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>TRUST AND AGENCY FUND</u>				
Assets:				
Cash	\$ -	\$ 7 989	\$ 7 989	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities:				
Due to other funds	\$ -	\$ 5 588	\$ 5 588	\$ -
Due to other governmental units	<hr/> -	<hr/> 2 401	<hr/> 2 401	<hr/> -
TOTAL LIABILITIES	\$ -	\$ 7 989	\$ 7 989	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>
<u>CURRENT TAX FUND</u>				
Assets:				
Cash	\$ -	\$ 824 767	\$ 824 767	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities:				
Due to other funds	\$ -	\$ 48 773	\$ 48 773	\$ -
Due to other governmental units	<hr/> -	<hr/> 775 994	<hr/> 775 994	<hr/> -
TOTAL LIABILITIES	\$ -	\$ 824 767	\$ 824 767	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets:				
Cash	\$ -	\$ 832 756	\$ 832 756	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities:				
Due to other funds	\$ -	\$ 54 361	\$ 54 361	\$ -
Due to other governmental units	<hr/> -	<hr/> 778 395	<hr/> 778 395	<hr/> -
TOTAL LIABILITIES	\$ -	\$ 832 756	\$ 832 756	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements.

TOWNSHIP OF NAHMA
STATEMENT OF BUDGETED AND ACTUAL CASH RECEIPTS -
CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Taxes:			
Current property taxes	\$ 17 165	\$ 18 234	\$ 1 069
Delinquent taxes	1 282	2 294	1 012
Property tax administrative fee	7 149	8 366	1 217
Other taxes - Swamp tax & C.F.R.	389	381	(8)
State Grants:			
State revenue sharing	37 150	34 360	(2 790)
Interest and Rentals:			
Interest	342	106	(236)
Rents	962	575	(387)
Other:			
Reimbursements & miscellaneous	<u>2 927</u>	<u>7 020</u>	<u>4 093</u>
TOTALS	<u>\$ 67 366</u>	<u>\$ 71 336</u>	<u>\$ 3 970</u>

TOWNSHIP OF NAHMA
STATEMENT OF BUDGETED AND ACTUAL DISBURSEMENTS -
CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Legislative:			
Township Board and Trustees	\$ 4 300	\$ 3 431	\$ 869
General Government:			
Township Supervisor	4 600	4 077	523
Township Clerk	3 800	3 507	293
Township Treasurer	3 900	3 600	300
Deputy Treasurer clerk and supervisor	900	834	66
Printing and miscellaneous	900	-	900
Assessing and equalization and tax roll	19 500	16 107	3 393
Board of Review	600	420	180
Payroll taxes and retirement	3 100	2 388	712
Audit and professional services	1 150	540	610
Insurance	12 000	11 466	534
Elections	1 000	281	719
Public Safety:			
Fire department, ambulance, hydrant rent	5 975	5 178	797
Public Works:			
Street lighting	3 800	3 977	(177)
Highways and bridges	1 000	-	1 000
Recreation and Culture:			
Recreation department and historical	7 180	5 540	1 640
Other:			
Cemetery	5 000	3 949	1 051
Township hall	15 536	4 595	10 941
TOTALS	<u>\$ 94 241</u>	<u>\$ 69 890</u>	<u>\$ 24 351</u>

TOWNSHIP OF NAHMA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
FIRE EQUIPMENT FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Cash Receipts:			
Taxes	\$ 21 919	\$ 24 017	\$ 2 098
Interest	600	150	(450)
Miscellaneous	8	373	365
TOTAL CASH RECEIPTS	<u>22 527</u>	<u>24 540</u>	<u>2 013</u>
Cash Disbursements:			
Fire department	<u>56 492</u>	<u>22 302</u>	<u>34 190</u>
TOTAL CASH DISBURSEMENTS	<u>56 492</u>	<u>22 302</u>	<u>34 190</u>
Excess of Cash Receipts Over (Under) Disbursements	(33 965)	2 238	36 203
FUND BALANCE, April 1, 2003	<u>33 965</u>	<u>33 965</u>	<u>-</u>
FUND BALANCE, March 31, 2004	<u>\$ -</u>	<u>\$ 36 203</u>	<u>\$ 36 203</u>

TOWNSHIP OF NAHMA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
ROAD FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Cash Receipts:			
Interest	\$ 351	\$ 57	\$ (294)
Right of way	8	379	371
P.I.L.T. Grant	<u>15 667</u>	<u>14 665</u>	<u>(1 002)</u>
TOTAL CASH RECEIPTS	<u>16 026</u>	<u>\$ 15 101</u>	<u>\$ (925)</u>
Cash Disbursements:			
Roads	<u>32 107</u>	<u>13 835</u>	<u>18 272</u>
TOTAL CASH DISBURSEMENTS	<u>32 107</u>	<u>13 835</u>	<u>18 272</u>
Excess of Cash Receipts Over (Under) Disbursements	(16 081)	1 266	17 347
FUND BALANCE, April 1, 2003	<u>16 081</u>	<u>16 081</u>	<u>-</u>
FUND BALANCE, March 31, 2004	<u>\$ -</u>	<u>\$ 17 347</u>	<u>\$ 17 347</u>

TOWNSHIP OF NAHMA
ASSESSED VALUATION, TAX RATES AND TAX LEVIES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Big Bay de Noc Public Schools</u>	<u>Delta County</u>	<u>Intermediate Schools</u>
State Equalized valuation	\$ 24 395 935	\$ 24 395 935	\$ 24 395 935
Millage rate	20.1109	6.5719	2.4375
Levy	\$ 400 067	\$ 160 488	\$ 59 525
Less - returned delinquent	<u>32 513</u>	<u>13 251</u>	<u>4 914</u>
Current tax collection	<u>\$ 367 554</u>	<u>\$ 147 237</u>	<u>\$ 54 611</u>

<u>Bay College</u>	<u>Nahma Township General Fund</u>	<u>State of Michigan S.E.T.</u>	<u>Nahma Township Fire Fund</u>
\$ 24 395 935	\$ 24 395 935	\$ 24 395 935	\$ 24 395 935
3.5000	.8140	5.0000	.9684
\$ 85 383	\$ 19 874	\$ 122 139	\$ 23 645
<u>7 057</u>	<u>1 640</u>	<u>7 208</u>	<u>1 952</u>
<u>\$ 78 326</u>	<u>\$ 18 234</u>	<u>\$ 114 931</u>	<u>\$ 21 693</u>

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May 10, 2004

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
"GOVERNMENT AUDITING STANDARDS"

Nahma Township Board
Nahma Township
Delta County, MI

I have audited the general purpose financial statements of Nahma Township as of and for the year ended March 31, 2004, and have issued my report thereon dated May 10, 2004. I conducted my audit in accordance with auditing standards accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Nahma Township's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

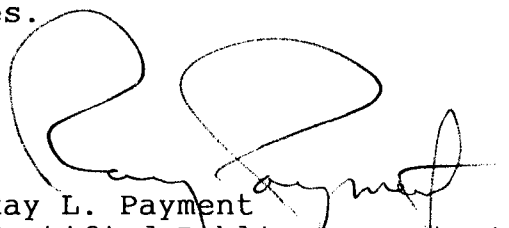
In planning and performing my audit I considered Nahma Township's internal control over financial reporting in order to determine my audit procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a

May 10, 2004

relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with assertions of management in combined financial statements.

The effectiveness of the Township's internal control structure is limited due to the general lack of segregation of responsibility for the receipt, disbursement and custodianship of cash. the lack of segregation is principally due to the limited number of personnel involved in the accounting process. However, the lack of segregation is further compounded because the Township has assigned all accounting and custodianship responsibilities with regard to the Township's Water System Fund to a nonelected Township employee. I recognize that in a small organization such as the Township, there are personnel, time and cost constraints that must be considered when designing an internal control structure that is both efficient and effective.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ray L. Payment
Certified Public Accountant